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## Japan

### **Tobacco and Products**

## **Annual**

2004

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#### **Report Highlights:**

Japanese tobacco leaf production in 2003 was 50,662 metric tons (MT) in farm sales weight, down 12.9% from 58,174 tons in the previous year and 2004 is unlikely to be an exception. Reflecting changing demographics and health concerns, smoking declined to a record 30.3% in 2003. In response to declines in demand, high-cost production, and that it will cease producing Marlboro in the Japanese market for Phillip Morris, Japan Tobacco, Inc. (JT) announced that it would permanently close another 6 cigarette manufacturing plants in Japan by April 2005.

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#### **Executive Summary**

As a result of poor weather, Japanese tobacco leaf production in 2003 was 50,662 tons in farm sales weight, down 12.9% from 58,174 tons in the previous year. Additionally, tobacco crop area continued to decline to 22,507 hectares (Ha), down 531 hectares from the previous year. This year, 2004, is not likely to be an exception. With stocks and production forecast down slightly, leaf imports may be up slightly in 2004.

Declines in population and increased concerns about health, especially among the older generation, are pushing down the smoking rate. Japan Tobacco, Inc.'s (JT) annual cigarette market survey reports that smoking declined to a record 30.3% in 2003. The smoking rate among both men and women declined to 48.3% and 13.6%, respectively.

JT implemented significant restructuring in Japan in response to declining demand, high production costs, and the conclusion of its licensing agreement to produce Marlboro in the Japanese market for Phillip Morris. This year, JT announced that it would permanently close another 6 cigarette manufacturing plants in Japan by April 2005.

#### **Tobacco Leaf**

JT is Japan's only authorized buyer of tobacco leaf and producer of cigarettes. For this monopoly privilege, JT is required to purchase all domestically grown tobacco. Production is limited by limiting the production area. Total production areas is set through a gentlemen's agreement between JT and the Japanese Tobacco Growers' Association at 25,000 hectares (Ha). Since 1999, however, growers have not met their production area requirements.

#### Crop Area

Total crop area in 2003 was 22,507 Ha, producing 50,662 MT of leaf tobacco. The production area was down 531 hectares from the previous year, about 2.3% from the previous year. Mirroring decreased production area, the number of farmers was down 888 to 19,897, from 20,785 Ha the previous year. Production area for 2004 is forecast at 22,109 Ha, also short of the target area of 25,000 Ha.

CROP AREA BY TYPE OF TOBA	CCO LEAF E	BY YEAR (He	ectares)		
	2002		2003		2004 1/
Leaf Type	Target	Actual	Target	Actual	Target
Flue-Cured 2/	16,250	15,930	16,090	15,598	15,261
Burley 3/	7,100	6,807	6,960	6,628	6,580
Light Air-Cured 4/	370	301	360	281	268
TOTAL	23,720	23,038	23,410	22,507	22,109
Variance (Target vs. Actual)	-	(682)	-	(903)	-

(Source: Japan Tobacco Inc.)

- 1/ Target crop area for the year, as authorized by Tobacco Deliberations Council.
- 2/ Consisting of 4 types of leaf. 3/ Consisting of 2 types of leaf. 4/ Consisting of 3 types of leaf.

#### **Production**

Japan Tobacco, Inc. (JT) is Japan's only legally authorized buyer of tobacco leaf. JT began purchasing the 2003 tobacco leaf harvest in the Okinawa Prefecture on July 29, 2003 and concluded in the Fukushima Prefecture on February 4, 2004. Japanese domestic leaf

production totaled 50,662 metric tons (MT), farm sales weight, down 12.9% from 58,174 metric tons (MT) in the previous year.

Exceptionally poor yields in 2003 resulted after tropical typhoons, typical during the tobaccogrowing season, were both unseasonably early and unusually frequent. The earliest hit Okinawa in April 2003, and as a result of subsequent typhoons repeatedly hitting both Kyushu and Shikoku throughout July and August, production and quality was down and many tobacco growers were forced to harvest early.

#### Yield

The crop yield per hectare for Burley leaf increased 2.5% in 2003, as compared to the previous year. For the Flue-cured leaf, it decreased 16.7%, and for the Light Air-cured leaf, it declined 3.2%, resulting in the overall 11.1% decline of yield in 2003 from the previous year.

PRODUCTION AND YIELD PER HECTARE FOR JAPANESE LEAF TOBACCO (Units: Production-Metric Tons; Yield-Kilogram/hectare)							
	2002		2003				
Leaf Type	Farm Production	Yield	Farm Production	Yield			
Flue-Cured	41,034	2,580 Kg.	33,597	2,150 Kg.			
Burley	16,395	2,410 Kg.	16,394	2,470 Kg.			
Light Air-Cured	745	2,470 Kg.	671	2,390 Kg.			
TOTAL	58,174	2,530 Kg.	50,662	2,250 Kg.			
% Growth (Yr./Yr.)	-3.9%	-2.3%	-12.9%	-11.1%			

#### **Prices**

At their annual meeting in November 2003, Japan Tobacco Deliberations Council decided to keep the purchase prices for 2003 crops the same as the previous year, at 1,880.98 Yen per Kg, weighted average. (See also, Tobacco & Products Annual Report, 2003, JA3039). The Japan Tobacco Deliberations Council is Japan's tobacco policy and leaf price-setting group, composed of 11 commissioned members representing tobacco growers, academic experts and administrators, including JT management representatives.

AVERAGE PURCHASE PRICES BY TYPE OF LEAF (Yen per Kilogram; Farm Sales Weight Basis)						
Crop Year	Flue- Cured	Burley	Light Air- Cured	Average Price	Yr./Yr. Change	
2003	1,863	1,789	1,837	1,839	-2.0%	
2002	1,901	1,823	1,858	1,878	- 0.9%	
2001	1949	1,777	1,827	1,895	- 1.6 %	
2000	1,968	1,826	1,929	1,926	+2.5%	
1999	1,915	1,794	1,894	1,879	+1.4%	
1998	1,916	1,721	1,870	1,853	-2.5%	
1997	1,974	1,745	1,950	1,901	+1.5%	
1996	1,949	1,718	2,008	1,872	-3.6%	
1995	2,011	1,789	2,055	1,941	-0.7%	
1994	2,048	1,761	2,061	1,955	+2.8%	
1993	1,979	1,749	2,051	1,901	-3.5%	

1992	2,032	1,809	2,161	1,969	+5.2%
1991	1,931	1,721	2,131	1,872	+0.9%
1990	1,937	1,656	2,060	1,854	+0.8%

(Source: JT / Japan Tobacco Growers' Association)

#### Consumption

JT's actual leaf tobacco use and inventory is proprietary. However, Post estimates that annual leaf consumption and year-end inventory levels of unmanufactured tobacco leaf in 2003 were approximately 200,000 MT and 149,000 MT, respectively. Between 35% and 42% of JT's total consumption is estimated to be domestically grown leaf.

#### Trade

Japanese leaf tobacco imports in 2003 were 81,931 MT, down 8.4% from 89,456 (MT) in the previous year. The U.S. share was 40.8%, down from 42.2% in the previous year. Imports from Brazil, Malawi and Zimbabwe represented 19.2%, 7.8% and 6.3% of total imports, respectively.

Japanese leaf imports were \$478.5 million (Japan's customs basis) in 2003, down 7% from \$514.4 million in the previous year. The U.S. share in 2003 was \$281.5 million or 58.8% of the total value, down 8% from \$306.2 million in the previous year.

Japanese leaf tobacco exports jumped 283% from the previous year to 2,714 MT in 2003, with Russia taking 84% of the export volume. South Africa, Japan's next largest export market, imported 8.8% of the total export volume.

#### Japan's Tobacco Leaf Imports from the World

	Tobacco,
	Unmfg.,
Hib	Total

## **Commodity** Total

Commodity	lotai		
Time Period	JanDec.	Units:	MT
Imports for:	2002		2003
U.S.	37761	U.S.	33430
Others		Others	
Brazil	16582	Brazil	15781
Malawi	5662	Malawi	6375
Zimbabwe	4567	Zimbabwe	5169
Italy	5816	Italy	4754
Greece	3951	Greece	3265
China	3212	China	3036
Turkey	3112	Turkey	2813
Zambia	1545	Zambia	1740
South Africa	734	South Africa	984
Argentina	295	Argentina	779
Total for Others	45476	_	44696
Others not Listed	6219		3805
Grand Total	51695		48501

Grand Total

89456

81931

#### Japan's Tobacco Leaf Exports to the World

Commodity	Tobacco, Unmfg., Total		
Time Period	JanDec.	Units:	MT
Exports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Russia	187	Russia	2280
South Africa	0	South Africa	239
France	467	France	104
Vietnam	17	Vietnam	49
Italy	21	Italy	26
Korea, South	0	Korea, South	16
China	15	China	0
Belgium	0	Belgium	0
Total for Others	707		2714
Others not Listed	0		0
Grand Total	707	-	2714

#### **Policy**

Japans privatization of JT, has still left the Japanese government with a 67% (1,334,000 shares) stake in a publicly traded company. In 2003 to further privatization efforts, The Japanese government was authorized to reduce its stake in JT to 33%. Poor economic conditions have led the government of Japan to not exercise its right to liquidate its holdings, and the Japanese government continues to be the 67% shareholder of JT.

#### Tobacco, Mfg. Cigarettes

#### **Production**

JT's cigarette production data is proprietary. Based on cigarette sales data, trade data and other indicators, Post estimates that JT produced approx. 218 billion cigarettes in 2003, with the filter-cigarette production accounting for practically all of the total volume. Production of the non-filtered cigarettes was reportedly 0.4% of the entire production, with JT's brands of the non-filtered cigarettes confined to 4 brands.

In line with the continued decline of total cigarette consumption in Japan and the growth in market share of imported cigarettes, Post estimates JT's domestic production of cigarettes will continue declining. For more detail on JT's corporate restructuring and see the "Policy" section of this report.

#### Consumption

The Tobacco Institute of Japan announced this year's statistical cigarette consumption data. This year the imported market share of cigarettes continued to grow, despite overall flat or declining consumption of cigarettes in recent years, indicating JT's market share is absorbing these declines. Reports suggest that this trend will continue. The Tobacco Institute of Japan is a trade association representing Japan Tobacco and foreign cigarette manufacturers represented in Japan.

CIGARETTE CONSUMPTION BY YEAR, VOLUME & VALUE (Volume-Billion pcs: Value-Billion Yen/Japanese Fiscal Year: AprMar.)					
Voor (IEV)	Volume		Value	•	
Year (JFY) : Domestic Vs. Imports	Sold	% Change	Sold	% Change	
2003	299.4	-4.2%	4,066.0	+1.2%	
Domestic	218.3	-4.6%	2,940.9	+0.7%	
Import Share (27.1%)	81.1	-3.0%	1,125.1	+2.3%	
2002	312.6	-2.1%	4,018.7	-2.1%	
Domestic	229.0	-3.5%	2,919.4	-3.4%	
Import Share (26.7%)	83.6	+1.8%	1,099.3	+1.7%	
2001	319.3	-1.6%	4,103.7	-1. 5%	
Domestic :	237.2	-2.4%	3,022.3	-2.3%	
Import Share : (25.7%)	82.1	+ 0.8%	1,081.4	+ 0.7%	
2000	324.5	-2.3%	4,168.1	-2.2%	
Domestic:	243.1	-2.8%	3,094.3	-2.6%	
Imports Share: (25.1%)	81.4	-0.9%	1,073.8	-0.8%	
1999	332.2	-1.3%	4,260.0	+4.2%	
Domestic:	250.1	-2.9%	3,177.4	+2.9%	
Import Share: (24.7%)	82.1	+3.9%	1,082.6	+8.0%	
1998 Domestic: Import Share: (23.5%)	336.6	+2.6%	4,089.9	+4.9%	
	257.6	+1.2%	3,087.0	+3.8%	
	79.0	+7.5%	1,002.8	+8.7%	
1997	328.1	-5.8%	3,897.1	-2.5%	
Domestic:	254.6	-5.9%	2,974.3	-2.8%	
Import Share: (22.4%)	73.5	-5.4%	922.8	-1.9%	
1996 Domestic: Import Share: (22.3%)	348.3	+4.1%	3,999.2	+4.3	
	270.6	+2.6%	3,058.6	+2.9%	
	77.7	+9.4%	940.7	+9.2%	
1995	334.7	+0.1%	3,832.7	+0.4%	
Domestic:	263.7	-1.9%	2,971.6	-1.5%	
Import Share: (21.2%)	71.0	+8.4%	861.1	+7.6%	
1994	334.4	+0.5%	3,818.3	+0.9%	
Domestic:	268.9	-1.5%	3,018.0	-1.0%	
Import Share: (19.6%)	65.5	+9.7%	800.3	+9.2%	

#### **Smoker Survey**

In line with previous industry surveys, this year's annual survey covered the different smoking habits between generations and between genders, brand preferences and the

popularity of low tar cigarettes. Conducted in August 2003, the survey concluded that the smoking rate declined to a 30.3%, down from 30.9% the previous year. This was principally attributed to the aging population.

Who Smokes in Japan's: Demographics

Potential smokers, the population between 20 and 64, peaked in 1998 at 79.12 million people and have been decreasing ever since. Traditionally, people in there 50s and 60s are the heavier smokers. As they age, these people increasingly are less inclined to smoke. The only demographic group of smokers that increased in 2003 was people in there 30s. Still, the heaviest smokers remain smokers in the 50s, followed by those in the 40s.

Age Bracket	Number of cigarettes per day
Males in the 20s	19.2 cigarettes
Males in the 30s	22.6 cigarettes
Males in the 40s	24.9 cigarettes
Males in the 50s	26.7 cigarettes
Males over 60 yrs	21.1 cigarettes
Females in the 20s	15.6 cigarettes
Females in the 30s	16.9 cigarettes
Females in the 40s	17.3 cigarettes
Females in the 50s	19.3 cigarettes
Females over 60 yrs	17.1 cigarettes

Hokkaido continues to lead the country with the largest rate of cigarette consumption. Male smoking was 54.8% and female smoking 27.5% of the population, respectively. Hokkaido's lead was followed by the Tohoku region (6 prefectures in northeastern Japan) where male smoking was 53.6% and female smoking was 13.9% of the population, respectively.

	noking Rate and		1/			
Year	Smoking	Rate (%) 2	/	Smoking	Population (1	0,000) 3/
	Male	Female	Total	Male	Female	Total
2003	48.3	13.6	30.3	2,387	721	3,108
2002	49.1	14.0	30.9	2,414	738	3,152
2001	52.0	14.7	32.7	2,544	770	3,314
2000	53.5	13.7	32.9	2,600	713	3,313
1999	54.0	14.5	33.6	2,608	749	3,357
1998	55.2	13.3	33.6	2,647	681	3,328
1997	56.1	14.5	34.6	2,669	736	3,405
1996	57.5	14.2	35.1	2,708	714	3,422
1995	58.8	15.2	36.3	2,736	755	3,491
1994	59.0	14.8	36.2	2,716	727	3,443
1993	59.8	13.8	36.1	2,719	670	3,389
1992	60.4	13.3	36.1	2,712	637	3,349
1991	61.2	14.2	36.9	2,715	672	3,387
1990	60.5	14.3	36.7	2,651	668	3,319

(Source: Japan Tobacco Inc.)

#### Notes:

1/ Based on JT's annual market survey, conducted in May.

2/ Statistical average. 3/ Statistical estimation.

Consumer Taste Preferences

Approximately 270 different brands of cigarette, both domestic and imports, are sold on the Japanese market, and the smoker's criteria for purchasing decisions are based on such diverse factors as preferred brand, flavor, package designs and, increasingly importantly, the level of tar and nicotine content.

According to the industry analysis, the popularity of the brands with 1 mg. or less of tar content increased to a record 13.8% in 2001, 1.2 points from the previous year, in great part because of increasingly health-conscious smokers. The consumption of brands with tar content less than 6 mg. has also increased, with the combined share of 46% of the market in 2001, up from 37% in 1995 and 44% in 1998.

#### **Trade**

Japanese cigarette imports were \$2.1 billion (Japanese customs basis), up from \$2.0 billion the previous year, with the U.S. share accounting for 95% of total imports. The value of U.S. cigarette exports to Japan in 2003 was up 4% from the previous year. The number of cigarette imports declined in 2003, however, to 83,106 million pieces (pcs), from 83,422 million pcs in 2002.

Japanese cigarette exports were \$224 million in 2003 (Japanese customs basis), down from \$227 million in the previous year. Exports volumes were 20 billion pcs, also down slightly from the previous year. Taiwan, South Korea, Singapore and Hong Kong were Japan's top 4 export markets in Asia, accounting for 92% of Japan's total export volume.

#### Japan's Cigarette Imports from the World

Tobacco,	
Mfg.,	

## **Commodity** Cigarettes

Commodity Cigarettes								
Time Period	JanDec.	Units:	Million P'cs					
Imports for:	2002	]	2003					
U.S.	79900	U.S.	79561					
Others		Others						
Germany	1848	Germany	1851					
U.K.	636	U.K.	630					
China	531	China	553					
Switzerland	189	Switzerland	172					
Malaysia	96	Malaysia	94					
Netherlands	71	Netherlands	55					
Indonesia	45	Indonesia	54					
France	32	France	39					
Honkong	32	Honkong	29					
Uruguay	19	Uruguay	26					
Total for Others	3499	7	3503					
Others not Listed	24		44					
Grand Total	3523		3547					
Grand Total	83,422		83,106					

#### Japan's Cigarette Exports to the World

Tobacco,
Mfg.,
Cigaratta

	Oigai ottoo	=	
Time Period	JanDec.	Units:	Million P'cs
Exports for:	2002		2003
U.S.	1643	U.S.	1036
Others		Others	
Taiwan	10318	Taiwan	12546
Korea, South	3870	Korea, South	3626
Singapore	2965	Singapore	1425
Hong Kong	968	Hong Kong	921
Russia	284	Russia	192
Philippines	81	Philippines	126
U.A.Emirates	54	U.A.Emirates	41
Korea, North	3	Korea, North	27
Australia	22	Australia	24
Guam	29	Guam	20
Total for Others	18594	-	18948
Others not Listed	139		52
Grand Total	20376	_	20036

#### **Policy**

JT announced another corporate restructuring plan in August 2003 that intends to close 6 more cigarette plants in Japan by March 2005. This is in addition to the manufacturing facilities JT announced it would close in July 2002. See JA30??. By April 2005, JT will have 10 cigarette manufacturing facilities in Japan. JT will also either close or integrated into new organizations the 6 regional sales offices.

A key reason for JT's continued restructuring is by April 2005 JT will no longer produce Marlboro cigarettes in Japan on behalf of Phillip Morris. Marlboro is one of JT's best sellers, with 8.5% of the total market share (26.7 billion pieces with 11 products) and 11.7% of JT's total cigarette sales as of the year ending March 2003. JT's acquisition of the international operations of R.J. Reynolds Co. in 1999 is reportedly the key reason JT will no longer manufacturer Marlboro.

The following other factors are also influencing the "JT PLAN-V," the name of JT restructuring plan:

- Decline in demand due Japan's aging population and increase in health-consciousness among consumers and potential consumers.
- Increased health and environment regulations expected to restrict smoking and smokers' options.
- Annual decline in the Japanese domestic consumption is forecast at 3%.
- JT's sales in 2005 are projected to decline 20% from 2003 to 179 billion pieces.

#### **Retail Market**

#### Retailers

There were 306,520 retail cigarette outlets in Japan at the end of March 2001, according government statistics. During the previous year, there were 4,031 new licenses for selling tobacco issued, up 22% from the previous year, while 7,233 retailers, mostly "mom and pop" operations, closed. The number of traditional "mom and pop" cigarettes retailers is expected continue to decline.

#### **Vending Machines**

Cigarette Vending Machines remain an important marketing outlet for cigarettes, but the number of cigarette vending machines along streets and inside office buildings declined for the first time in 10 years to 626,200 units. The value of cigarette sales from these vending machines was approximately \$18.8 billion (2 trillion Yen), about the same level as the previous year, accounting for approximately 48% of all retail cigarette sales in Japan.

Number of Cigarette Vending Machines					
on the Japanese Retail Market					
Change					
	Units	(000)			
Year	(000)	(Yr./Yr)	% Change		
2003	626.2	-2.9	-0.5%		
2002	629.1	+ 0.4	+ 0.1%		
2001	628.7	+ 2.8	+ 0.4%		
2000	625.9	+ 97.2	+ 18.4%		
1999	528.7	+ 1.6	+ 0.3%		
1998	527.1	+ 21.2	+ 4.2%		
1997	505.9	+ 1.4	+ 0.3%		
1996	504.5	+ 5.7	+ 1.1%		
1995	498.8	+ 4.8	+ 0.9%		
1994	494.0	- 1.0	- 1.0%		
1993	495.0	- 0.9	- 0.2%		
1992	495.9	+ 6.9	+ 1.4%		
1991	489.0	-	+ 13.4%		

## PS & D (Production, Supply & Distribution) Tables:

Commodity	Tobacco, Unmfg., Total (HA)(MT)						
	2002	Revised	2003	Estimate	2004	Forecast	
	USDA	Post	USDA	Post	USDA	Post	
	Official [Old]	Estimate [New]	Official [Old]	Estimate [New]	Official [Old]	Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	
Area Planted	23720	23038	23720	23410	0	22109	
Beginning Stocks	225256	203305	220456	197455	215656	175772	
Farm Sales Weight Prod	60000	58174	60000	50662	0	50000	
Dry Weight Production	54000	52400	54000	45600	0	45000	
U.S. Leaf Imports	38000	37761	38000	33430	0	36000	
Other Foreign Imports	53000	51695	53000	48501	0	48000	
TOTAL Imports	91000	89456	91000	81931	0	84000	
TOTAL SUPPLY	370256	345161	365456	324986	215656	304772	
Exports	800	707	800	2714	0	3000	
Dom. Leaf Consumption	60500	60000	60500	59000	0	58000	
U.S. Leaf Dom. Consum.	45000	44000	45000	43500	0	43000	
Other Foreign Consump.	43500	42999	43500	44000	0	43000	
TOTAL Dom. Consumption	149000	146999	149000	146500	0	144000	
TOTAL Disappearance	149800	147706	149800	149214	0	147000	
Ending Stocks	220456	197455	215656	175772	0	157772	
TOTAL DISTRIBUTION	370256	345161	365456	324986	0	304772	

## **Commodity** Tobacco, Unmfg., Flue-Cured (HA)(MT)

	2002 USDA Official [Old]	Revised Post Estimate [New]	2003 USDA Official [Old]	Estimate Post Estimate [New]	2004 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Area Planted	0	15930	0	16090	0	15261
Beginning Stocks	0	98101	0	82571	0	69871
Farm Sales Weight Prod	0	41034	0	33597	0	33000
Dry Weight Production	0	37000	0	30300	0	30000
U.S. Leaf Imports	0	19000	0	19000	0	18500
Other Foreign Imports	0	24290	0	32300	0	35000
TOTAL Imports	0	43290	0	51300	0	53500
TOTAL SUPPLY	0	178391	0	164171	0	153371
Exports	0	320	0	1300	0	1200
Dom. Leaf Consumption	0	41000	0	40000	0	45000
U.S. Leaf Dom. Consum.	0	34000	0	33500	0	35000
Other Foreign Consump. TOTAL Dom.	0	20500	0	19500	0	20000
Consumption	0	95500	0	93000	0	100000
TOTAL Disappearance	0	95820	0	94300	0	101200
Ending Stocks	0	82571	0	69871	0	52171
TOTAL DISTRIBUTION	0	178391	0	164171	0	153371

Commodity	Tobac	co, Unn	(HA)(MT)			
	2002 USDA Official [Old]	Revised Post Estimate [New]	2003 USDA Official [Old]	Estimate Post Estimate [New]	2004 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Area Planted	0	6807	0	6960	0	6580
Beginning Stocks	0	37172	0	28472	0	20572
Farm Sales Weight Prod	0	16395	0	16394	0	16000
Dry Weight Production	0	14800	0	14800	0	14500
U.S. Leaf Imports	0	15100	0	13400	0	13000
Other Foreign Imports	0	20700	0	19500	0	19000
TOTAL Imports	0	35800	0	32900	0	32000
TOTAL SUPPLY	0	87772	0	76172	0	67072
Exports	0	300	0	1100	0	1000
Dom. Leaf Consumption	0	23000	0	22500	0	20000
U.S. Leaf Dom. Consum.	0	16500	0	14000	0	13000
Other Foreign Consump.	0	19500	0	18000	0	16000
TOTAL Dom. Consumption	0	59000	0	54500	0	49000
TOTAL Disappearance	0	59300	0	55600	0	50000
Ending Stocks	0	28472	0	20572	0	17072
TOTAL DISTRIBUTION	0	87772	0	76172	0	67072

Commodity	Tobaco Cigaret	o, Mfg., tes	(MIL PCS)			
	2002 USDA Official [Old]	Revised Post Estimate [New]	2003 USDA Official [Old]	Estimate Post Estimate [New]	2004 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Filter Production	227924	227924	223000	218100	0	215000
Non-Filter Production	1076	1076	1000	900	0	885
TOTAL Production	229000	229000	224000	219000	0	215885
Imports	83422	83422	82500	83106	0	83000
TOTAL SUPPLY	312422	312422	306500	302106	0	298885
Exports	20376	20376	20000	20036	0	20000
<b>Domestic Consumption</b>	292046	292046	286500	282070	0	278885
TOTAL DISTRIBUTION	312422	312422	306500	302106	0	298885